

Situation in South Asia

Q. If I could ask you real quickly, sir, is there anything personal you can do to ease tensions between Pakistan and India? And do you think President Musharraf is doing enough to crack down on terrorism in Kashmir?

President Bush. We are spending a lot of time on this subject—"we" being the administration. And we're making it very clear to both parties that there is—there's no benefit of a war—there's no benefit of a clash that could eventually lead to a broader war.

We're deeply concerned about the rhetoric. It is very important for President Musharraf to stop—do what he said he's going to do to in his speech on terror, and that is stop the incursions across the line—the line of control. It's important that the Indians know that he is going to fulfill that promise.

Vladimir and I have talked about this, and he's got—he as well as the United States and Great Britain and other countries have got influence in the region, and he is going to meet soon at a conference where we believe Prime Minister Vajpayee and President Musharraf will both be attending.

My point is, is that there's a lot of diplomatic efforts going into bringing some calm and reason to the region.

President Putin. An international event is planned for the early June this year in Kazakhstan, where both President Musharraf and Prime Minister Vajpayee have been invited. I do hope they will come, and there would be an opportunity for us to discuss things. And we have covered that ground with the President of the United States.

Of course, the testing, while there is escalating tension, really aggravates the situation, and Russia is concerned and sorry about that. I'm sorry about that. And we shall be working together to take steps in order to prevent the escalation of the conflict.

President Bush. Thank you all.

NOTE: The exchange began at 1:05 p.m. In his remarks, President Bush referred to President Putin's daughters, Masha and Katya, and his wife, Lyudmila; President Pervez Musharraf of Pakistan; and Prime Minister Atal Bihari Vajpayee of India. President Putin referred to Minister of Foreign Affairs Igor Sergeyevich Ivanov and Minister

of Defense Sergey Borisovich Ivanov of Russia. The transcript released by the Office of the Press Secretary also included the closing remark of President Putin. A tape was not available for verification of the content of this exchange.

Remarks and a Question-and-Answer Session With Students at St. Petersburg State University in St. Petersburg

May 25, 2002

President Vladimir Putin of Russia. Ladies and gentlemen, thank you very much for having me here. It's a great pleasure, as always, to be with young people, but especially here since I graduated from this university; it's a double pleasure for me to be here. But this university played a dual role in my career. The first time, when they basically gave me a present—they just gave me the degree that I earned—that was the one important part. [Laughter]

The second very important facet in my life was when I worked here for the rector of the university as an assistant, helping him in the area of international contacts between and among various universities. And what I was doing was doing the same thing the rector was just talking about; I was setting up the initial contacts between our university and various other universities around the world. So what we did once, we invited the president of a midsize college from St. Petersburg, Florida, to come here and pay us a visit, since they had the same name. So then, what I did is I talked the former mayor, Mr. Sobchak, to receive this president of this college. So he, in turn, invited him to come to the United States. And this Mr. Carter, who was the head of this college in St. Pete, arranged a visit with one of the Presidents of the United States at the time, and I think his name was Bush. [Laughter] After that, he invited me to come to work for him, and the rest of my career is history, as they say. [Laughter]

Well, to be very, very serious now, it's really a great pleasure to have business and dealings with students because students are very direct, as you know. And they also feel the rhythm of civilization as it's changing.

When we were guests of the Bushes in Crawford, Texas, we also were given an opportunity to meet with young people. I think this will become a very fine tradition.

President Bush. That's right.

President Putin. And I think Mr. Bush also was waiting for this opportunity, because he asked me several times about this possibility. Well, George Bush and I don't know each other for that long; I think it's a little bit less than 2 years. But what we're trying to do is establish the environment which would be very conducive to having people in both of our countries meet, have opportunities to make contacts, and get along better.

I don't want this to sound like a major report here, but I just want to inform you that we have just signed two major agreements between our two countries. One of them is having to do with the reduction in strategic arms of the two countries, and the other one is called an agreement on a new strategic relationship between the two countries. As we all know, people are divided into two groups, optimists and pessimists, and the pessimists will always find something wrong. Optimists, however, will find in these two documents that we signed a lot of things that are very useful and beneficial.

But it's wonderful to deal with young people because, by their very nature, they're optimists and they look into the future. And that's why we're here, among other things.

So today, when we were coming to the conclusion of our visit to the Hermitage—and we were running late so we were in a hurry—Mr. Piotrovsky, who really had very little time, said, “By the way, before we leave I want to show you a portrait,” which was a portrait of our great Tsaritsa Catherine the Great. And Mr. Bush, without missing a beat, said, “Oh, and by the way, where is the portrait of Potemkin?” [Laughter]

So when you ask questions, I ask you to give me the easy questions and give Mr. Bush the tough questions. [Laughter] And with pleasure, I give the word to George Bush.

President Bush. Thank you very much. Madam President, thank you for your hospitality. Laura and I are honored to be here at this famous university. I'm particularly pleased to be coming to this university because it is the alma mater of your President

and my friend, Vladimir Putin. But even more importantly, it is Mrs. Putin's alma mater. [Laughter]

The President was talking about a seminar on international relations. I guess this is the most sophisticated seminar on international relations that you could possibly have. So I'll give you a quick insight as to what it's like to be involved with international relations.

There we were, as guests of the Putins in their private home last night. We talked about our families; we talked about our passions; we talked about matters of life that friends would talk about. The best international relations start when people care about the other person, when they try to figure out how the other person thinks and what makes the other person's life go forward. We've had a lot of negotiations, of course. But the thing that impressed me the most about the President and his wife was how much they loved their daughters. That's a universal value. It's an impressive value.

When I got out of college in 1968, America and the Soviet Union were enemies—bitter enemies. Today, America and Russia are friends. It's important for you to know that that era is long gone as far as I'm concerned. The treaty we signed says a lot about nuclear arms. It speaks about the need for peace, but it also says the cold war is over, and America and Russia need to be and will be friends, for the good of the world.

And so it's my honor to come. I look forward to answering your questions. Since Vladimir went here to St. Petersburg, it only seems fair that the hard ones go to him. [Laughter] We'll be glad to handle your questions.

Russia's Brain Drain

Q. [Inaudible]—from the Sociology Department, and the question is: Everyone knows what the brain drain problem is, and it is an open secret that the traffic of brain drain is mostly oriented to the United States. I wonder what the Presidents of these two countries think about this problem.

President Putin. I'll tell you right away: He'll say it's good; I'll say it's bad. [Laughter] But if you look at it a little more deeply, I'll get a little more serious and give you some

more detail. There are two methods for stopping this occurrence: First of all, close the country down once again and create such regulatory conditions where people will lose the right to move freely; second is, in a free economy, to create economic conditions, conditions of prosperity for all those people so that they wish to stay here and work. And I think we have to take the second path.

President Bush. I—first of all, there's a lot of brains in this room, and you get to decide whether there's a brain drain in Russia. I tell Vladimir all the time—I mean, Mr. President all the time—that Russia's most precious resource is the brainpower of this country. And you've got a lot of it. It's going to take a lot of brains in Russia to create a drain. There are plenty of bright and smart people in Russia. Your history says that. I'm absolutely convinced that the future of this country is incredibly bright, first, because of the great imagination and intellect of the Russian people, and second, because you've got a leader who understands that freedom is going to enhance the future of this country.

You need to know that my view of foreign relations is not only to promote peace, but it's also to work with our friends the Russians so that the quality of life in both our countries improves.

And so, finally, your question had a little bit of a slightly pessimistic tone to it—only slightly. I'm optimistic about Russia, and a strong and prosperous and peaceful Russia is good for America.

Future of the Russian Economy

Q. [*Inaudible*]*—*from the Department of Economics, and I would like to ask this question: We are involved in high technology exports, and my question in fact is, when will the time come when the bulk of the exports from Russia would be high technology and high-technology products, and not the primary products like oil and wood as the situation is now?

President Bush. Good question.

President Putin. It's a very professional question. And you, as an economist, understand very well that this situation did not just happen yesterday. The world market demands those products that are competitive. And the things that you mentioned, the high-

tech kinds of things that you mentioned are in great demand in the world marketplace. And it's a no-brainer to understand that there were the kinds of talent and the kinds of products in the old Soviet Union that, in fact, had been in demand, because the best brains were directed precisely in that direction in those days.

One of these areas, for instance, is missile technology, and our cooperation with the United States in this area can be measured in the billions of U.S. dollar equivalents. And during this summit, we dedicated a substantial portion of our discussion time precisely to this issue, which I consider very important if we are to remove many of the things that are obstacles in allowing high tech to come into Russia. And these obstacles and limitations were placed upon us back in the days of the Soviet Union and by their very inertia continue on and on.

Therefore, many of the products come into Russia from third countries, from Europe, from Asia, and not from the United States. We think that it's not good for our bilateral relations with the United States. We have to do better. And that's why a great amount of time was spent by President Bush and myself in trying to find ways to remove these obstacles. We also spent a lot of time thinking about what we, ourselves, have to do internally in Russia to help get rid of these obstacles.

But since we have the high-level esteemed guest in our midst, let me just direct our question to our bilateral affairs, and that is, what we need above all for Russia is an absolutely nondiscriminatory access to world markets and to U.S. markets. And we don't need preferences; we don't need subsidies; we don't need special favors. We just want normal, simple, ordinary, fair trade relations.

President Bush. The role of Government is not to create wealth. The role of Government is to create an environment in which the entrepreneur or small business or dreamer can flourish. And that starts with rule of law, respect of private property, less regulatory burdens on the entrepreneur, open banking laws so that all people have access to capital, and good tax policy.

Private ownership in Russia is a little more than 70 percent. That's a significant change.

More and more people are owning small business. That's incredibly important, because that phenomenon makes sure that the elites don't control the economy.

There's one piece of good news about Russian taxation, and one that I learned about yesterday, which Vladimir and I haven't had much time to talk about, that's troubling. The good news is that the flat tax in Russia is a good, fair tax—much more fair, by the way, than many Western countries, I might add.

I am worried when I heard that some Russian goods—there is an export tax on Russian goods. And the trouble with that, of course, is that no matter how good your goods are, if you price yourself out of the market, no one is going to buy. So that's a barrier. There's also barriers coming from Western countries that we've got to eliminate. Export controls on high-tech goods are problematic, that we're now reviewing in the United States.

And very briefly, it is very important for the infrastructure to be modernized as quickly as possible, so that information from around the world moves quickly, freely throughout Russia, so that an entrepreneur such as yourself are able to learn from other entrepreneurs being connected through the Internet, which is going to be a great source of ideas and potential wealth for Russia.

Okay.

Russia-U.S. Relations

Q. [*Inaudible*]*—from the Foreign Affairs Department, and the question is addressed to President Bush: What is the image of—[inaudible]—that exists in the United States setup, and how this image of—[inaudible]—influences—*

Audience member. Image of Russia.

Audience member. Image of Russians.

President Bush. Image of Russia in the United States?

Q. *—what image of Russia—Russians exists in the American political setup, and how this image of the Russians influences the taking of decisions in the area of American foreign politics?*

President Putin. This guy is very tricky; he's a very tricky young fellow. Mr. President, he's going to listen to your answer,

write a dissertation, and get a degree. [*Laughter*]

President Bush. Most Americans—by far, the vast majority of Americans are very pleased by the fact that the United States and Russia is entering into a new era. We've got a new war to fight together. We're joined to fight against bloodthirsty killers. These people hate freedom. They hate multiethnic societies. They can't stand religion. And it's a threat to America, and this is a threat to Russia, as you all so well know. In this country you've been hit by terrorist acts like we have been hit by terrorist acts.

The American people truly appreciate the cooperative spirit of the Russian Government and truly appreciate the sympathies of the Russian people for what took place on September the 11th.

It's an interesting question about leadership. Does a leader lead, or does a leader follow? Does a leader lead opinion, or does a leader try to chase public opinion? My view is, the leader leads. And my administration, along with Secretary of State Powell and National Security Adviser Rice, are going to do everything we possibly can do to make relations with Russia strong and friendly and cooperative and productive for both people.

Good foreign policy—good foreign policy sets a foundation that is so firm that it won't crack if one nation or the other gets weak in the commitment to friendship. And we're laying a strong foundation.

President Putin. I have to say that we have political leaders, we have public leaders, we have journalists. Our journalists and people who are specialized in the ministry, for instance, of international relations and foreign affairs and other specialists, in many other departments and agencies, confirm what President Bush has just said.

President Bush. Yes, ma'am. Sorry.

Q. The student of the Management Department, and the question is addressed to President Putin: Our countries have lived through quite different relations. While in the Second World War we had one type of relations, relations very close and friendly; and then the cold war came. And my question is, as a result of this evolution of relationships, what is the state of our relationship between these two countries now?

President Putin. You're studying management, right? Are there any people from the History Department? And I think the people from the History Department will probably support me in saying—in my saying the following: The World War II period and the cold war period were but two of the most contrasting and sharpest examples of the evolution of our relations. But we can talk about a lot of different episodes in our cooperation.

But it really began in the times of the Revolutionary War in the United States. At that time, the Crown of England appealed to Catherine the Great and asked for support in quelling the rebellion in the United States. And the Russian sovereign turned and said, that's not what we're all about, and declared a military neutrality vis-a-vis the war. And this neutrality played a significant role in the—allowing the United States to gain its independence and gain its foundation.

And today I'm going to present to President George Bush two very interesting documents, two original documents having to do with the earliest days of our diplomatic correspondence between our two countries.

The world was changing over time; our relations were changing over time. Today, for instance, the United States is our number one trading partner for Russia, both in terms of the number of goods that are traded and also in terms of the accumulated investments that we have from the United States in Russia. The United States is a great and powerful power and has an economy that is powerful enough to a great extent to determine world economics.

For decades, we voluntarily, on our own, created walls and barriers around ourselves and decided to live alone within these walls. And in a time when high technology is absolutely mandatory to the beneficial development of any country, this circumstance today is just unforgivable. And today, in the realms of national security, international security, economics, trade, we now are beginning to blend in together with the world economy at large.

You can call our relations today a multi-component kind of a relationship depending on many, many different aspects. But I want to name the one and most important aspect.

Over the last year and a half or 2 years, what we've experienced is a huge growth in confidence and trust manifested between our two countries. And it is precisely this distinguishing characteristic which colors our relationship.

If you're sitting next to the First Lady of the United States, I can't say you can't have a question. [Laughter]

Leadership

Q. The lady is from the Management Department, and she addresses her question to both of you gentlemen: To make up a manager, many factors are involved. What were those factors that shaped you as leaders, as managers?

President Bush. I understand a leader can't do everything. And so, therefore, a leader must be willing to surround himself, in my case, with smart, capable, honorable people. A leader must be willing to listen, and then a leader must be decisive enough to make a decision and stick by it.

In politics, in order to lead, you've got to know what you believe. You have to stand on principle. You have to believe in certain values, and you must defend them at all costs. A politician who takes a poll to figure out what to believe is a politician who is constantly going to be trying to lead through—it's like a dog chasing its tail.

And finally, any leader must—in order to lead, must understand, must have a vision about where you're going. You must set clear goals and convince people of those goals and constantly lead toward those goals.

And finally, you've got to treat people with respect on your team. And by respecting people, they become—they become better members of the team and, therefore, give better advice and work toward the same goal.

President Putin. To be successful in any kind of business, in any kind of enterprise, you have to have two qualities: You have to have a sense of responsibility, and you have to have a sense of love.

Unfortunately, we have to come to an end here. Somebody is going to start crying back there if they don't get a question.

Russia and the World Trade Organization

[At this point, the questioner spoke in Russian, and a translation was not immediately provided.]

President Putin. I did the right thing by giving the question to her; she's asking President Bush instead. [Laughter]

[At this point, the questioner spoke in Russian, and a translation was not immediately provided.]

President Putin. Great question, WTO.

Q. The question is for President Bush from—[inaudible]—from the Department of International Relations: What specific and concrete steps can we expect from the United States in order to support our accession to the World Trade Organization?

President Bush. Starting with having a President who thinks you ought to be in the WTO—and I think you ought to be. And I think the accession to the WTO ought to be based upon the rules that every other nation has had to live up to, nothing harsher, nothing less harsh.

And I've told Vladimir in private and I've told the American people, I'm for Russia going into the WTO, just like I've asked—just like I asked Congress yesterday once in a press conference in Russia to get rid of Jackson-Vanik.

So, to answer your questions, I vote aye, assuming that the President—the Russian Government continues to reform her economy, open it up, make market-based economy work. And that's exactly what the intentions of this President—that's the intention of this President.

President Putin. George said it very well. The President of Russia has to want to be a member of the WTO. And he said that he's for it. If that's sufficient, I'm in. [Laughter] But on conditions acceptable to Russia. [Laughter]

Dear friends, I want to thank you. I would like to thank you for the warm and friendly atmosphere in which we were, and it is of great importance for me personally, because indeed I want very much our dear guests to enjoy my native city. And although, of course, our movements create some hurdles for the

movement of other people in the streets of Moscow, but, as George pointed out, the people are not very cross with us, since they wave their hands at us and smile at us. [Laughter] And today we had a friendly and kind atmosphere here, and the questions were in that spirit. And I am grateful to you for that.

And as I promised, I would like to hand over to President Bush the copies of the first diplomatic documents. And these documents actually initiated—they started the diplomatic letters exchanged between our two countries, and they date back to 1780.

President Bush. Thank you all very much.

NOTE: The remarks began at 3:17 p.m. in the school's Ceremonial Hall. President Putin spoke in Russian, and his remarks were translated by an interpreter. President Putin referred to Anatoly Sobchak, former mayor of St. Petersburg, Russia; and Mikhail B. Piotrovsky, director, State Hermitage Museum. President Bush referred to Ludmila Alekseyevna Verbitskaya, rector, St. Petersburg State University; and President Putin's wife, Lyudmila. President Bush also referred to the Jackson-Vanik Amendment, which places restrictions on normalized trade relations between the U.S. and Russia and other countries of the former Soviet Union based on their economic structure and emigration policies. A portion of these remarks could not be verified because the tape was incomplete.

Remarks and an Exchange With Reporters Following a Tour of the Choral Synagogue in St. Petersburg May 26, 2002

Freedom of Religion in Russia

The President. Good morning, everybody.

Q. Good morning, Mr. President.

The President. Today we've had a—a beautiful morning. We've been to a church and a synagogue. One of the nonnegotiable demands of individual dignity is freedom of religion, and I'm impressed by what I've heard from religious leaders, Christian and Jewish, here about the state of affairs in Russia.

We went to a cathedral that up until recently was a museum of atheism, and today it's a place where people can worship God